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BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 96-051-C - ORDER NO. 96-377
JUNE 10, 1996

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IN RE: Application of Bell Atlantic Communications,) ORDER
Inc. for a Certificate of Public Convenience) APPROVING
and Necessity to Provide Intrastate Resale) CERTIFICATE
and Operator Assisted Telecommunications) AND
Services within the State of South Carolina.) STREAMLINED
REGULATION

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Application of Bell Atlantic Communications, Inc. (Bell Atlantic or the Company) for a Certificate of Public Convenience and Necessity to provide intrastate resale and operator assisted telecommunications services. Further, Bell Atlantic requests that its Business Service Offerings be regulated through procedures approved for AT&T Communications of the Southern States, Inc. (AT&T) as established in Order Nos. 95-1734 and 96-55.

The Commission's Executive Director instructed Bell Atlantic to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Bell Atlantic's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Bell Atlantic complied with this instruction and provided the

Commission with proof of publication of the Notice of Filing. A Petition to Intervene was filed by the Consumer Advocate for the State of South Carolina (the Consumer Advocate).

A hearing was commenced on May 8, 1996, at 10:30 a.m., in the Commission's Hearing Room. The Honorable Rudolph Mitchell, Chairman, presided. Bell Atlantic was represented by John F. Beach, Esquire. Beach presented the testimony of Dorothy Jones. The Consumer Advocate was represented by Elliott F. Elam, Jr., Esquire and Catherine Heigel, Esquire. The Commission Staff (the Staff) was represented by F. David Butler, General Counsel.

Dorothy Jones of Bell Atlantic appeared and offered testimony in support of Bell Atlantic's Application. Ms. Jones stated that Bell Atlantic is a Delaware corporation which is registered to do business in South Carolina as a foreign corporation. According to Ms. Jones, Bell Atlantic proposes to offer long distance services using resold transmission services of carriers certificated to carry traffic in South Carolina, and operator-assisted services. Ms. Jones explained the Company's request for authority to provide interexchange telecommunications services in South Carolina as a reseller. The record reveals the Company's services, operations and marketing procedures.

Ms. Jones also explained that Bell Atlantic possesses the technical, financial and managerial abilities to provide its services in South Carolina. Ms. Jones further testified that the Company would make certain changes to its proposed tariff to comply with Commission guidelines, prior Orders of the Commission,

and with certain requests for changes from the Consumer Advocate.

Ms. Jones testified that Bell Atlantic was seeking "streamlined regulation" of the type afforded AT&T by this Commission in Order Nos. 95-1734 and 96-55, that is, business services will have no maximum rate filing requirements, even though the Commission will have regulatory authority concerning these services under Order No. 84-622, as modified by the two AT&T Orders. Further, Bell Atlantic asks that its tariffs be presumed valid upon filing, with a seven (7) day period thereafter for the Staff to institute an investigation of the tariff, in which case the tariff filing would be suspended until further Order of the Commission.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Bell Atlantic is incorporated under the laws of the State of Delaware and is licensed to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. Bell Atlantic operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.

3. Bell Atlantic has the experience, capability, and financial resources to provide the services as described in its

Application.

4. There were three basic points of contention between Bell Atlantic and the Consumer Advocate as to specific points in the Company's proposed tariff. First, the Consumer Advocate believes that a portion of the Company's tariff i.e. Section 212 dealing with advance payment, should be eliminated. Second, the Consumer Advocate believes that the abandonment provisions in the tariff should be eliminated, and that abandonment should be examined on a case-by-case basis. Last, Section 218 of the tariff provides a thirty (30) day period for minimum service. The Consumer Advocate believes that this provision should be stricken.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Bell Atlantic to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission, including Operator Assisted Services.

2. After due consideration in this matter, the Commission adopts a rate design for Bell Atlantic identical to the rate design set out by this Commission for AT&T in Order Nos. 95-1734 and 96-55. The Company will not be required to file maximum rates

(cap requirements) on business services, although the Commission will maintain regulatory authority concerning said services. The Company's tariffs will be presumed valid upon filing. The Commission may institute an investigation of the tariff filing within seven (7) days, in which case the tariff filing will be suspended under further Order of the Commission. The Staff shall develop a monitoring process to include the information needed to review this form of regulation for Bell Atlantic. The Commission specifically reserves the right to modify, eliminate or continue the procedures contained herein in the discretion of the Commission. We believe that the same rationale exists in this case as existed in Order Nos. 95-1734 and 96-55, wherein we ordered "streamlined regulation" for AT&T. We hold that a reasonable methodology should be available to interexchange carriers that would give them the flexibility to adjust the rates and charges for their services in response to changes in the market place. We believe that the methodology adopted for AT&T in Order Nos. 95-1734 and 96-55 by us is also appropriate for Bell Atlantic. We reiterate our belief that S.C. Code Ann. §58-9-720 (Supp. 1995) and Order No. 84-622 give us the authority to impose this "streamlined regulation."

3. Bell Atlantic is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

4. With regard to the Company's resale of service, an

end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

5. Bell Atlantic shall resell the services of only those interexchange carriers or local exchange carriers (LECs) authorized to do business in South Carolina by this Commission. If Bell Atlantic changes underlying carriers, it shall notify the Commission in writing.

6. With regard to the origination and termination of toll calls within the same LATA, Bell Atlantic shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

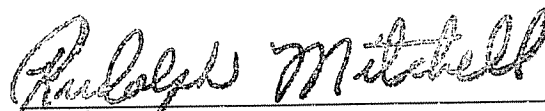
7. Bell Atlantic shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

8. With regard to the disputed tariff provisions, we have come to several conclusions. With regard to the provisions in Bell Atlantic's tariff which requires advance payments, we believe that such advance payments should be restricted to non-recurring charges associated with installation costs. No other advance payments shall be allowed for the purpose of securing payment of a customers account, in that we believe that the use of customer deposits is the appropriate method to secure customer payment. Second, with regard to abandonment provisions, Bell Atlantic has pledged that it will make reasonable attempts to contact

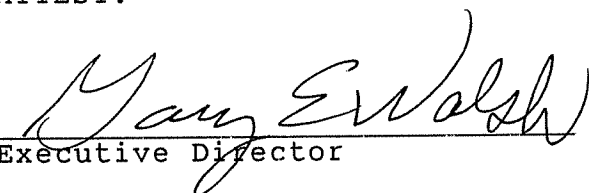
customers, should the Commission adopt its proposed tariff language as to abandonment. We hereby approve Bell Atlantic's abandonment provisions on the condition that indeed Bell Atlantic use every reasonable effort to contact its customers prior to terminating a customer's service with the Company. Third, with regard to the minimum service period as proposed by Bell Atlantic's tariff, we disagree that such a provision should be present in the tariff, and we hereby reject the minimum period tariff language as proposed by the Company, and order that it be eliminated.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Deputy Executive Director

(SEAL)

DISSENTING OPINION OF COMMISSIONER WARREN D. ARTHUR, IV:

I respectfully dissent from the majority decision on the Application of Bell Atlantic Telecommunications, Inc. for a Certificate of Public Convenience and Necessity. As part of its Application, Bell Atlantic requested regulatory treatment similar to that granted to AT&T in Order Nos. 95-1734 and 96-55 (Docket No.

95-661-C). I objected to the "relaxed regulation" granted in that docket and also do not agree with the Commission's grant of it in this instance.

As I have previously stated, I believe that alternative regulation should be granted to a company under S.C. Code Ann. §58-9-585 only if the company satisfied the requirements of that statute. This section is the specific statutory authority which allows the grant of alternative regulation. The majority's grant of alternative regulation to AT&T, and now Bell Atlantic, via other means, is strained. Since I believed the relaxed regulation was originally improvidently granted, I must also disagree with the grant of it now to Bell Atlantic.



Warren D. Arthur, IV
Commissioner, Sixth District

DOCKET NO. 96-051-C - ORDER NO. 96-377
JUNE 10, 1996
ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT
(SEE #3 ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE